
A BILL FOR AN ACT

RELATING TO NATURAL RESOURCES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the department of
2 land and natural resources has the responsibility of planning
3 for the disposition of commercial, industrial, hotel, and resort
4 classes of public lands to determine: specific use or uses;
5 minimum size of parcels; required building construction or
6 improvements; and lease terms and requirements.

7 The legislature also finds that because of the policies
8 guiding the management of public lands with commercial,
9 industrial, resort, and hotel uses, there has been little
10 incentive for lessees to make major improvements to their
11 infrastructure, resulting in the deterioration of infrastructure
12 and facilities. The lack of improvement to property in many of
13 these areas has resulted in dilapidation, deterioration, age, or
14 obsolescence of the buildings and structures in those areas.

15 The legislature further finds that the rejuvenation of
16 areas of public lands that have become dilapidated, obsolete, or



1 have deteriorated over time is in the public interest and
2 constitutes a valid public purpose.

3 The purpose of this Act is to establish, within the
4 department of land and natural resources, a four-year
5 redevelopment pilot project for the Kanoelehua industrial area
6 and adjacent public lands in south Hilo, Hawaii, to:

- 7 (1) Define the policies for the management of public lands
8 in the Kanoelehua industrial area and adjacent public
9 lands in south Hilo;
- 10 (2) Establish a plan for the designated area, including
11 district-wide improvements, that is coordinated with
12 state and county land use and planning policies; and
- 13 (3) Implement asset and property management concepts that
14 can optimize income from the properties and evolve in
15 response to changing principles of property
16 administration.

17 SECTION 2. **Definitions.** As used in this Act, unless the
18 context requires otherwise:

19 "Board" means the board of land and natural resources.

20 "Chairperson" means the chairperson of the board of land
21 and natural resources.



1 "Department" means the department of land and natural
2 resources.

3 "Designated redevelopment district" means the district
4 designated by the department pursuant to this Act.

5 "Pilot project" means the Kanoelehua redevelopment pilot
6 project for the Kanoelehua industrial area.

7 "Plan" or "redevelopment plan" means the redevelopment plan
8 for the designated redevelopment district prepared by the
9 committee pursuant to this Act.

10 "Planning committee" or "committee" means the policy-
11 advising committee for the designated redevelopment district.

12 "Public facilities" means streets and highways, storm
13 drainage systems, water systems, street lighting systems, off-
14 street parking facilities, and sanitary sewerage systems.

15 SECTION 3. Kanoelehua redevelopment pilot project. (a)

16 There is established within the department a four-year pilot
17 project to be known as the Kanoelehua redevelopment pilot
18 project. The purpose of the pilot project is to:

- 19 (1) Define policies for the management of public lands in
20 the Kanoelehua industrial area and adjacent public
21 lands in south Hilo, Hawaii;



- 1 (2) Establish a plan for the designated redevelopment
2 district in the Kanoelehua industrial area and
3 adjacent public lands in south Hilo, Hawaii, including
4 district-wide improvements, that is coordinated with
5 state and county land use and planning policies; and
6 (3) Implement asset and property management concepts that
7 can optimize income from the properties and evolve in
8 response to changing principles of property
9 administration.
- 10 (b) The department shall:
- 11 (1) Establish a planning committee to prepare the
12 redevelopment plan and determine the boundaries of the
13 redevelopment district within the Kanoelehua
14 industrial area and adjacent public lands in south
15 Hilo, Hawaii;
- 16 (2) Designate an area of public lands in the Kanoelehua
17 industrial area and adjacent public lands in south
18 Hilo, Hawaii, to serve as the designated redevelopment
19 district; provided that lands designated by the
20 department shall fall under the following categories:



(A) Industrial park lands under section 171-132,
Hawaii Revised Statutes; or

(B) Commercial, industrial, hotel, or resort use
lands under section 171-10, Hawaii Revised
Statutes; and

(3) To the extent feasible, implement the recommendations
of the planning committee in the designated district.

(c) The pilot project shall terminate on June 30, 2019.

SECTION 4. **Planning committee.** (a) Upon designation of
the boundaries of the designated redevelopment district pursuant
to this Act, the chairperson shall establish a planning
committee for the Kanoelehua industrial area and adjacent public
lands in south Hilo, Hawaii, to be placed in the department for
administrative purposes.

(b) The committee shall be a policy-advising committee for
the designated redevelopment district and shall consist of the
following nine members:

(1) The chairperson;

(2) The director of planning for the county of Hawaii or
the director's designee; and



1 (3) Seven public members, three of whom shall be selected
2 by the chairperson from a list of not fewer than six
3 names submitted by the mayor of the county of Hawaii;
4 provided that all seven public members shall be
5 residents of the county of Hawaii and shall be
6 selected on the basis of their knowledge, experience,
7 and expertise in:

8 (A) Small or large business management;

9 (B) Economics, banking, investment, or finance;

10 (C) Real estate development;

11 (D) Real estate management;

12 (E) Marketing; or

13 (F) Hotel and resort management.

14 (c) The committee shall elect its chair from among the
15 public members.

16 (d) The members of the committee shall serve without
17 compensation but shall be reimbursed for expenses, including
18 travel expenses, incurred in the performance of their duties.

19 (e) The committee shall prepare and provide
20 recommendations to the board on the following:



- 1 (1) Preparation of a redevelopment plan for the designated
2 redevelopment district;
- 3 (2) Renewal or renegotiation of any lease in connection
4 with any project contained in the redevelopment plan
5 for the designated redevelopment district, on terms
6 and conditions as it deems advisable;
- 7 (3) Preparation and, from time to time, modification of
8 plans, design criteria, landscaping, and estimates of
9 costs for the construction, rehabilitation, or repair
10 of any project contained in the redevelopment plan for
11 the designated redevelopment district;
- 12 (4) Studies to be conducted in conjunction with county and
13 state agencies necessary to determine the appropriate
14 activities for development in the designated
15 redevelopment district;
- 16 (5) Reduction or waiver of rental leases on any lease of
17 public land for any project in the designated
18 redevelopment district that requires substantial
19 improvements;
- 20 (6) Creation or execution of contracts and instruments
21 necessary to accomplish the purpose of the



1 redevelopment district, including obtaining the
2 services of consultants to provide professional and
3 technical assistance and advice; and

4 (7) The need for development agreements with a developer
5 or developers for any project contained in the
6 proposed redevelopment plan; provided that the
7 development agreement recommendations shall contain:

8 (A) The location, area, and size of the parcel to be
9 developed;

10 (B) The use or uses to which the parcel shall be put
11 in conformance with the redevelopment plan and
12 with applicable state and county laws and
13 ordinances;

14 (C) The period of time for construction and
15 completion of the development; and

16 (D) Other terms and conditions that the committee
17 deems necessary.

18 (f) The committee shall prepare a redevelopment plan for
19 the designated redevelopment district, including proposed
20 district development policies, district improvement programs,
21 necessary public facilities, infrastructure needs, and proposed



1 development guidelines and rules. Specifically, the committee
2 shall prepare a redevelopment plan that includes but is not
3 limited to the following:

4 (1) Establishing within the designated redevelopment
5 district, if applicable, areas principally for:

6 (A) Commercial activities;

7 (B) Processing, construction, manufacturing,
8 transportation, wholesaling, storage, and similar
9 industrial activities;

10 (C) Resort and hotel activities, including facilities
11 and services for visitors; or

12 (D) Public and recreational facilities with detailed
13 standards for height, bulk, size, and location of
14 buildings;

15 (2) A district-wide improvement program for necessary
16 district-wide public facilities within the designated
17 redevelopment district;

18 (3) Plans, specifications, and estimates of the costs for
19 the development, construction, reconstruction, or
20 improvement of any project in the designated



1 redevelopment district, and from time to time modify
2 the plans, specifications, or estimates;

3 (4) Identification of specific uses for areas in the
4 designated redevelopment district and the required
5 parceling of land into minimum size areas related to
6 the specific uses;

7 (5) Identification of lease rentals that should be
8 established for the specific uses and the terms and
9 conditions of the leases; and

10 (6) Recommendations for interim development controls to be
11 implemented during the transition to the execution of
12 the provisions of the redevelopment plan, such as
13 recommending the holdover of a lessee pursuant to
14 section 171-40, Hawaii Revised Statutes, or issuance
15 of permits pursuant to section 171-55, Hawaii Revised
16 Statutes, to existing lessees upon the expiration of
17 their lease terms.

18 (g) The district redevelopment plan may provide
19 recommendations for the withdrawal or taking of public land, or
20 portions of the public land, for public purposes under a lease,
21 including suggested lease terms.



1 (h) The committee shall hold a public hearing on a
2 proposed redevelopment plan for the designated redevelopment
3 district, and shall consider the comments received and
4 incorporate any revisions to the plan that may be necessary.

5 SECTION 5. Reports to the legislature. (a) The
6 department shall submit:

7 (1) A progress report of the pilot project, including
8 analysis of the pilot project and recommendations on
9 whether similar projects should be expanded to other
10 counties, no later than twenty days prior to the
11 convening of the regular session of 2017; and

12 (2) A final report on the operations and findings and
13 recommendations on the pilot project, including any
14 proposed legislation, no later than twenty days prior
15 to the convening of the regular session of 2019.

16 (b) The legislative reference bureau shall review
17 commercial leases and recommend changes to state leasing laws to
18 modernize and update these laws to incorporate current best
19 practices in these property categories.

20 SECTION 6. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2015-2016 and the
2 same sum or so much thereof as may be necessary for fiscal year
3 2016-2017 for the purposes of this Act, including any necessary
4 staffing costs.

5 The sums appropriated shall be expended by the department
6 of land and natural resources for the purposes of this Act.

7 SECTION 7. This Act shall take effect on July 1, 2030.



Report Title:

Public Lands; Redevelopment Pilot Project; Kanoelehua Industrial Area; Appropriation

Description:

Establishes a four-year redevelopment pilot project for the Kanoelehua industrial area and surrounding areas in the district of south Hilo. Requires the Legislative Reference Bureau to review commercial leases and recommend changes to state leasing laws. Makes an appropriation. (SB544 HD1)

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